

# Glossary of Terms

**Account Balance** — The sum of the dollar balances in each TSP investment fund for an individual account. The dollar balance in each investment fund on a given day is the product of the total number of shares in that fund multiplied by the share price for that fund on that day.

**Agency Automatic (1%) Contributions** — Contributions equal to 1% of basic pay each pay period, contributed to a FERS participant's TSP account by his or her agency. New FERS employees must serve a waiting period before they become eligible for these contributions.

**Annuity** — A payment paid to the participant (or to the participant's survivor if the participant elects a joint annuity) each month. Payments continue as long as the participant (or his or her survivor) is alive.

**Basic Pay (Civilian)** — This pay is defined in 5 United States Code (U.S.C.) 8331.

**Basic Pay (Uniformed Services)** — This refers to compensation payable under sections 204 and 206 of U.S.C. title 37. Section 204 pay is pay for active duty; section 206 pay (e.g., inactive duty for training (IDT) pay) is pay earned by members of the Ready Reserve (including the National Guard).

**Before-Tax Contributions** — Contributions of money that has not yet been taxed. Sometimes referred to as "tax-deferred" contributions.

**Bond** — A debt security issued by a government entity or a corporation to an investor from whom it borrows money. The bond obligates the issuer to repay the amount borrowed (and, traditionally, interest) on a stated maturity date.

**Bonus Pay (Uniformed Services)** — Generally, a type of special pay, with separate rules for TSP contribution election purposes.

**Catch-Up Contributions** — Contributions made by payroll deductions from a participant age 50 or older, which are permitted to exceed the TSP contribution limit and the Internal Revenue Service (IRS) elective deferral limit.

**Contribution** — A deposit made to the TSP by a participant through payroll deduction or on behalf of the participant by his or her agency or service.

**Contribution Allocation** — A participant's choice that tells the TSP how contributions, rollovers, and loan payments that are going into his or her account should be invested among the TSP funds.

**Contribution Election** — A request by a participant to start contributing to the TSP, to change the amount of contribu-

tions made to the TSP each pay period, or to terminate contributions to the TSP.

**Credit Risk** — The risk that a borrower will not make a scheduled payment of principal and/or interest.

**Civil Service Retirement System (CSRS)** — The retirement system for Federal civilian employees who were hired before January 1, 1984. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

**Currency Risk** — The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk could affect investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the 21 countries in the EAFE index.

**Designation of Beneficiary** — The participant's formal indication of who should receive the money in his or her account in case of his or her death. Participants must use the TSP Designation of Beneficiary form.

**Elective Deferral Limit** — An annual dollar limit placed on tax-deferred TSP employee contributions by the IRS. "Catch-up" contributions made by participants age 50 and older are not subject to this limit, but have a separate IRS limit.

**Federal Employees Retirement System (FERS)** — The retirement system for Federal civilian employees who were hired on or after January 1, 1984. FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

**Fixed Income Investments** — Generally refers to bonds and similar investments (considered debt instruments) that pay a fixed amount of interest.

**Full Withdrawal** — A post-separation withdrawal of a participant's entire TSP account through an annuity, a single payment, or monthly payments (or a combination of these three options).

**Incentive Pay (Uniformed Services)** — Pay set forth in chapter 5 of U.S.C. title 37 (e.g., flight pay, hazardous duty pay).

**Index** — A broad collection of stocks or bonds which is designed to match the performance of a particular market or sector. For example, the Standard and Poor's 500 (S&P 500) is an index of large and medium-sized U.S. companies.

**Index Fund** — An investment fund that attempts to track the investment performance of an index.

**Inflation Risk** — The risk that investments will not grow enough to offset the effects of inflation.

**In-Service Withdrawal** — A disbursement from a participant's account which is available only to participants who are still employed by the Federal Government (or the uniformed services).

**Interfund Transfer** — The choice made by the participant to reallocate his or her existing account balance among the investment funds.

**Market Risk** — The risk of a decline in the market value of stocks or bonds.

**Matching Contributions** — Contributions made by agencies to TSP accounts of FERS employees who contribute their own money to the TSP. (CSRS employees do not receive matching contributions. At present, members of the uniformed services also do not receive matching contributions.)

**Mixed Withdrawal** — A post-employment withdrawal of a participant's entire account through any combination of an annuity, a single payment, or monthly payments.

**Monthly Payments** — Payments that the participant elects to receive each month from his or her TSP account after separating from service.

**Partial Withdrawal** — A one-time post-employment distribution of part of a participant's account balance. A partial withdrawal is participant-elected and is made in a single payment.

**Participant Statement** — A statement that is furnished to the participant after the end of each calendar quarter. It shows his or her account balance (in both dollars and shares) and the transactions in his or her account during the quarter.

**Personal Identification Number (PIN)** — A four-digit number that the participant can use (in conjunction with his or her Social Security number) to access his or her own account on the TSP Web site or the ThriftLine. The initial PIN is computer-generated and is sent to the participant shortly after the participant's first contribution is received by the TSP.

**Post-Separation Withdrawal** — A distribution from a participant's account which is available only to participants who have left Federal service or the uniformed services. Sometimes referred to as a "post-employment" withdrawal. (See also "Withdrawal.")

**Reamortization** — The process of adjusting the terms of a loan to change the loan payment amount or to shorten or lengthen the repayment term.

**Required Minimum Distribution** — The amount of money, based on a participant's age and previous year's TSP

account balance, that the IRS requires to be distributed to the participant each year once the participant has reached age 70½ and is separated from service.

**Risk (Volatility)** — The amount of change (both up and down) in an investment's value over time.

**Section 415 Limit** — An IRS limit on the amount of money that can be contributed on behalf of a participant to an eligible retirement plan or plans.

**Securities** — A general term describing a variety of financial instruments, including stocks and bonds.

**Single Payment** — A payment made at one time. Sometimes referred to as a "lump sum."

**Special Pay (Uniformed Services)** — Pay set forth in chapter 5 of U.S.C. title 37 (e.g., medical and dental officer pay, hardship duty pay, career sea pay).

**Stocks** — Equity securities issued as ownership in a publicly held corporation.

**Tax-Exempt Contributions** — Contributions of money that will never be taxed. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

**ThriftLine** — The TSP's automated voice response system. It provides general news about the TSP and allows participants to access certain information and perform some transactions over the telephone. You also use the ThriftLine to contact participant service representatives at the TSP Service Office.

**Time Horizon** — The investment time you have until you need to use your money.

**Uniformed Services** — Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty, and members of the Ready Reserve or National Guard of those services in any pay status.

**Vesting** — For a FERS participant, the time in service that he or she must have upon separation from service in order to be entitled to keep Agency Automatic (1%) Contributions and associated earnings. A participant is vested in (entitled to keep) the Agency Automatic (1%) Contribution in his or her account after completing 3 years of Federal service (2 years for most FERS employees in Congressional and certain noncareer positions).

**Volatility** — See "Risk."

**Withdrawal** — A general term for a distribution that a participant requests from his or her account. (Includes in-service withdrawal, partial withdrawal, full withdrawal, etc.)